

Pacific Ethanol swings to profit after unit emerges from Chapter 11

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With its production divisions emerging from bankruptcy protection, Sacramento-based Pacific Ethanol Inc. saw its second-quarter earnings improve on increased sales and a sizable debt reduction.

The company reported net income of \$107.8 million, or \$1.43 a share, for the quarter ended June 30, compared with a loss of \$28.2 million, or 49 cents a share, in the year-ago period.

Through six months, earnings were \$96.1 million, or \$1.52 a share, compared with a loss of \$52.9 million, or 93 cents a share, in 2009.

On June 29, Pacific Ethanol Holding Co. LLC and four production plants emerged from bankruptcy protection begun in May 2009. The Chapter 11 reorganization erased about \$290 million in debt while leaving the four plants in the hands of lenders.

PEI recorded a \$119.4 million non-cash gain from liabilities that were removed from its balance sheet.

Pacific Ethanol continues operating the production plants and has an option to buy back up to 25 percent of the equity in the holding company that owns the plants for up to \$30 million.

PEI sales grew 9 percent to \$76.8 million in the second quarter.

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